

SENATE BILL No. 845

October 25, 2007, Introduced by Senator BROWN and referred to the Committee on Finance.

A bill to amend 1937 PA 94, entitled
"Use tax act,"
by amending sections 3 and 3d (MCL 205.93 and 205.93d),
section 3 as amended by 2007 PA 103 and section 3d as added by 2007
PA 93; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) ~~There~~**EXCEPT AS OTHERWISE PROVIDED IN THIS ACT,**
2 **THERE** is levied upon and there shall be collected from every person
3 in this state a specific tax for the privilege of using, storing,
4 or consuming tangible personal property in this state at a rate
5 equal to 6% of the price of the property or services specified in
6 section 3a, ~~or~~3b, **OR 3D**. Penalties and interest shall be added to
7 the tax if applicable as provided in this act. For the purpose of

1 the proper administration of this act and to prevent the evasion of
2 the tax, all of the following shall be presumed:

3 (a) That tangible personal property purchased is subject to
4 the tax if brought into this state within 90 days of the purchase
5 date and is considered as acquired for storage, use, or other
6 consumption in this state.

7 (b) That tangible personal property used solely for personal,
8 nonbusiness purposes that is purchased outside of this state and
9 that is not an aircraft is exempt from the tax levied under this
10 act if 1 or more of the following conditions are satisfied:

11 (i) The property is purchased by a person who is not a resident
12 of this state at the time of purchase and is brought into this
13 state more than 90 days after the date of purchase.

14 (ii) The property is purchased by a person who is a resident of
15 this state at the time of purchase and is brought into this state
16 more than 360 days after the date of purchase.

17 (2) The tax imposed by this section for the privilege of
18 using, storing, or consuming a vehicle, ORV, manufactured housing,
19 aircraft, snowmobile, or watercraft shall be collected before the
20 transfer of the vehicle, ORV, manufactured housing, aircraft,
21 snowmobile, or watercraft, except a transfer to a licensed dealer
22 or retailer for purposes of resale that arises by reason of a
23 transaction made by a person who does not transfer vehicles, ORVs,
24 manufactured housing, aircraft, snowmobiles, or watercraft in the
25 ordinary course of his or her business done in this state. The tax
26 on a vehicle, ORV, snowmobile, and watercraft shall be collected by
27 the secretary of state before the transfer of the vehicle, ORV,

1 snowmobile, or watercraft registration. The tax on manufactured
2 housing shall be collected by the department of consumer and
3 industry services, mobile home commission, or its agent before the
4 transfer of the certificate of title. The tax on an aircraft shall
5 be collected by the department of treasury. The price tax base of a
6 new or previously owned car or truck held for resale by a dealer
7 and that is not exempt under section 4(1)(c) is the purchase price
8 of the car or truck multiplied by 2.5% plus \$30.00 per month
9 beginning with the month that the dealer uses the car or truck in a
10 nonexempt manner.

11 (3) The following transfers or purchases are not subject to
12 use tax:

13 (a) A transaction or a portion of a transaction if the
14 transferee or purchaser is the spouse, mother, father, brother,
15 sister, child, stepparent, stepchild, stepbrother, stepsister,
16 grandparent, grandchild, legal ward, or a legally appointed
17 guardian with a certified letter of guardianship, of the
18 transferor.

19 (b) A transaction or a portion of a transaction if the
20 transfer is a gift to a beneficiary in the administration of an
21 estate.

22 (c) If a vehicle, ORV, manufactured housing, aircraft,
23 snowmobile, or watercraft that has once been subjected to the
24 Michigan sales or use tax is transferred in connection with the
25 organization, reorganization, dissolution, or partial liquidation
26 of an incorporated or unincorporated business and the beneficial
27 ownership is not changed.

1 (d) If an insurance company licensed to conduct business in
2 this state acquires ownership of a late model distressed vehicle as
3 defined in section 12a of the Michigan vehicle code, 1949 PA 300,
4 MCL 257.12a, through payment of damages in response to a claim or
5 when the person who owned the vehicle before the insurance company
6 reacquires ownership from the company as part of the settlement of
7 a claim.

8 (4) The department may utilize the services, information, or
9 records of any other department or agency of state government in
10 the performance of its duties under this act, and other departments
11 or agencies of state government are required to furnish those
12 services, information, or records upon the request of the
13 department.

14 (5) Any decrease in the rate of the tax levied under
15 subsection (1) on services subject to tax under this act shall
16 apply only to billings rendered on or after the effective date of
17 the decrease.

18 Sec. 3d. (1) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION**
19 **(2), BEGINNING DECEMBER 1, 2007 THROUGH DECEMBER 31, 2014, THE** use
20 or consumption of the following services is taxed under this act in
21 the same manner as tangible personal property is taxed under this
22 act:

23 (a) Carpet and upholstery cleaning services, as described in
24 NAICS industry code 56174.

25 (b) Business service center services, as described in NAICS
26 industry code 56143.

27 (c) Consulting services, as described in NAICS subsector code

1 5416.

2 (d) Investigation, guard, and armored car services, as
3 described in NAICS industry code 56161.

4 (e) Investment advice services, as described in NAICS industry
5 code 52393.

6 (f) Janitorial services, as described in NAICS industry code
7 56172.

8 (g) Landscaping services, as described in NAICS industry code
9 56173.

10 (h) Office administration services, as described in NAICS
11 subsector code 5611.

12 (i) All of the following personal services:

13 (i) Astrology services.

14 (ii) Baby shoe bronzing services.

15 (iii) Bail bonding services.

16 (iv) Balloon-o-gram services.

17 (v) Coin-operated blood pressure testing machine services.

18 (vi) Bondsperson services.

19 (vii) Check room services.

20 (viii) Coin-operated personal service machine services.

21 (ix) Comfort station operation services.

22 (x) Concierge services.

23 (xi) Consumer buying services.

24 (xii) Credit card notification services.

25 (xiii) Dating services.

26 (xiv) Discount buying services.

27 (xv) Social escort services.

1 (xvi) Fortune-telling services.
 2 (xvii) Genealogical investigation services.
 3 (xviii) House sitting services.
 4 (xix) Social introduction services.
 5 (xx) Coin-operated rental locker services.
 6 (xxi) Numerology services.
 7 (xxii) Palm reading services.
 8 (xxiii) Party planning services.
 9 (xxiv) Pay telephone services.
 10 (xxv) Personal fitness trainer services.
 11 (xxvi) Personal shopping services.
 12 (xxvii) Coin-operated photographic machine services.
 13 (xxviii) Phrenology services.
 14 (xxix) Porter services.
 15 (xxx) Psychic services.
 16 (xxxi) Rest room operation services.
 17 (xxxii) Shoeshine services.
 18 (xxxiii) Singing telegram services.
 19 (xxxiv) Wedding chapel services, but not churches.
 20 (xxxv) Wedding planning services.
 21 (j) Other travel and reservation services, as described in
 22 NAICS industry code 56159.
 23 (k) Scenic transportation services, as described in NAICS
 24 subsector code 487.
 25 (l) Skiing services, as described in NAICS industry code 71392.
 26 (m) Tour operator services, as described in NAICS industry
 27 code 56152.

1 (n) Warehousing and storage services, as described in NAICS
2 subsector code 4931.

3 (o) Packaging and labeling services, as described in NAICS
4 industry code 56191.

5 (p) Specialized design services, as described in NAICS
6 industry group code 5414.

7 (q) Transit and ground passenger transport services, as
8 described in NAICS industry group code 4853.

9 (r) Courier and messenger services, as described in NAICS
10 subsector code 492.

11 (s) Personal care services, as described in NAICS industry
12 group code 8121, except hair care services.

13 (t) Service contract services in which the seller, in exchange
14 for the buyer's single payment, agrees to provide repair,
15 maintenance, or replacement of 1 or more items of tangible personal
16 property during a specific period of time, which services the buyer
17 is not required to buy in connection with the purchase of tangible
18 personal property.

19 (u) Security system services, as described in NAICS industry
20 code 56162.

21 (v) Document preparation services, as described in NAICS
22 industry code 56141.

23 (w) Miniwarehouse services and self-storage unit services, as
24 described in NAICS industry code 53113.

25 **(2) BEGINNING JANUARY 1, 2011 THROUGH DECEMBER 31, 2014, THE**
26 **USE OR CONSUMPTION OF THE SERVICES SET FORTH IN SUBSECTION (1)**
27 **SHALL BE COLLECTED AT A RATE EQUAL TO 3%, 2% OF WHICH SHALL BE THE**

1 ADDITIONAL RATE PRESCRIBED BY SECTION 8 OF ARTICLE IX OF THE STATE
2 CONSTITUTION OF 1963.

3 (3) ~~(2)~~—A service is subject to tax under this section based
4 on the description of that service in the applicable NAICS code and
5 not the classification of the establishment providing that service.

6 (4) ~~(3)~~—There is appropriated to the department of treasury
7 for the 2006-2007 state fiscal year the sum of \$100,000.00 to begin
8 implementing the requirements of the amendatory act that added this
9 section. Any portion of this amount under this section that is not
10 expended in the 2006-2007 state fiscal year shall not lapse to the
11 general fund but shall be carried forward in a work project account
12 that is in compliance with section 451a of the management and
13 budget act, 1984 PA 431, MCL 18.1451a, for the following state
14 fiscal year.

15 (5) ~~(4)~~—The services set forth in subsection (1) shall be
16 sourced as products as provided in section 20.

17 (6) ~~(5)~~—As used in this section, "NAICS" means North American
18 industry classification system, 2002 as produced by the United
19 States office of management and budget.

20 Enacting section 1. Section 3d of the use tax act, 1937 PA 94,
21 MCL 205.93d, is repealed effective January 1, 2015.